

Message Text

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ACTION EB-11

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INR-10 NSAE-00 RSC-01 FAA-00 L-03 PA-04 USIA-15

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FM AMEMBASSY OSLO

TO SECSTATE WASHDC 7584

INFO AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY STOCKHOLM

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TAGS: ETRN NO

SUBJECT: NORTH ATLANTIC FARES PACKAGE AND CARGO RATES

REF: STOCKHOLM 4549

1. IN RESPONSE TO COMMUNICATIONS WITH SAS CHAIRMAN JENS CHRISTIAN HAUGE, SAS VICE PRESIDENT HELGE LINDBERG HAS SENT THE EMBASSY THE FOLLOWING COMMUNICATION:

IATA NORTH ATLANTIC FARES PACKAGE

SUBSEQUENT TO THE US CAB'S DISAPPROVAL OF CERTAIN FARES IN THIS PACKAGE IATA CALLED, AS MAY BE KNOWN ALREADY TO YOU, A SPECIAL MEETING IN LONDON *N DECEMBER 5 TO REVIEW THE SITUATION.

WE BELIEVE IT IS CORRECT TO STATE THAT THE AMENDMENTS REQUESTED IN THE FARES PACKAGE BY THE CAB WERE NOT FAVOURABLY LOOKED UPON BY MANY MEMBER AIRLINES, INCLUDING OURSELVES.

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HOWEVER, DUE TO THE TIME FACTOR INVOLVED THE GENERAL OPINION

WAS THAT IT WOULD BE PREFERABLE TO AMEND THE FARES PACKAGE ALONG THE LINES REQUESTED BY CAB RATHER THAN TAKE A PROLONGED DISCUSSION ON THE ISSUE WITH CONSEQUENTIAL LOSSES OF REVENUE INCREASES ALREADY AGREED FOR JANUARY 1, 1974.

PRELIMINARY CALCULATIONS SHOW THAT THE AMENDED FARES PACKAGE MEANS A LOSS OF REVENUE TO SAS OF APPROX SKR 11 MILLIONS COMPARED TO THE ORIGINAL IATA AGREEMENT DURING OUR CURRENT FINANCIAL YEAR OCTOBER 1973-SEPTEMBER 1974.

THIS IS CAUSED BY A MIXTURE OF ESTIMATED MARKET REACTIONS TO THE FURTHER INCREASE IN THE 22/45 DAY FARE, NO INCREASES IN THE NORMAL FARES AND ABSENCE OF A YOUTH FARE.

WE DO NOT BELIEVE THAT THIS WAS THE INTENTION OF THE CAB TO REDUCE THE REVENUE TO AIRLINES, BUT UNFORTUNATELY THIS IS THE ESTIMATED RESULT FOR SAS.

IATA NORTH ATLANTIC CARGO RATES

THE CAB ACTION ON THIS MATTER RESULTING IN SPECIAL FILINGS WITH OUR AUTHORITIES BY PANAM AND SEABOARD WORLD AIRLINES HAS CAUSED US TO RECOMMEND TO OUR AUTHORITIES THAT THESE FILINGS BE DISAPPROVED. WE UNDERSTAND THAT THIS HAS TAKEN PLACE AND THAT A NOTICE OF DISSATISFACTION IN ACCORDANCE WITH ARTICLE 13 OF THE BILATERAL AIR AGREEMENTS HAS BEEN FILED 85# YOUR AUTHORITIES THROUGH OUR EMBASSIES IN WASHINGTON.

FOR YOUR INFORMATION WE ENCLOSE A TABLE SHOWING THE EFFECT OF THE AMERICAN CARRIERS FILING ON THE RATE STRUCTURE TO CHICAGO, ONE OF THE SEVEN POINTS MENTIONED IN THE CAB ORDER. IT IS QUITE CASUAL THAT CHICAGO HAS BEEN CHOSEN TO ILLUSTRATE THE ANOMALIES, THE RESULT IS SIMILAR ON ANYONE OF THE REMAINING SIX CITIES.

YOU WILL NOTE FROM THE TABLE THAT WHEN APPLYING PANAM'S REVISED ADD-ONS TO THE NEW YORK RATE STRUCTURE TO OBTAIN RATES FOR CHICAGO, STOCKHOLM BECOMES CHEAPER THAN OSLO, BERGEN AND KRISTIANSAND, WHILST STAVANGER GETS THE SAME RATE AS STOCKHOLM. FURTHERMORE, SOME OF THE FILED ADD-ONS ARE OVER 80 PER CENT HIGHER THAN THE LOCAL RATE NEW YORK-CHICAGO.

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WE TRUST YOU REALIZE THIS UNSATISFACTORY RESULT FROM THE VIEWPOINT OF THE SCANDINAVIAN PUBLIC AND SHIPPERS.

AGAIN IATA HAS HAD TO CALL A SPECIAL MEETING IN LONDON ON DECEMBER 18 IN ORDER TO DISCUSS THE SUBJECT AND WE FEEL SURE THAT YOU WILL UNDERSTAND OUR POSITION WHEN WE HAVE TO STRONGLY ADVOCATE A HARMONIOUS RATE STRUCTURE FROM SCANDINAVIAN POINTS TO US POINTS.

2. ATTACHED TO THE COMMUNICATION WAS THE SAME TABLE TRANSMITTED
IN REFTEL. BYRNE

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